



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

February 11, 2000

Pat Gochmour
Gochmour & Associates, Inc.
5231 South Quebec
Greenwood Village, Colorado 80111

Re: Formal Approval of Replacement Reclamation Contract and Year 2000 Amendment, Summo USA Corporation (Summo), Lisbon Valley Project, M/037/088, San Juan County, Utah

Dear Mr. Gochmour:

On December 20, 1999, the Division received Summo's amendment proposing exploration work within the approved permit boundary for the Lisbon Valley Project large mine operation, located in San Juan County, Utah. Summo previously amended their notice in 1999 for exploration within the approved permit boundary. The surety was increased by \$7,166 for that amendment by a rider and new Reclamation Contract which was subsequently approved by the Division on October 6, 1999. A recent joint inspection with the BLM and SITLA revealed the earth work completed in 1999 could be released. With the release of the surety for the 1999 earthwork, the current surety being held by the Division would be sufficient to cover the proposed 2000 exploration work and revegetation of the 1999 work if needed.

Rather than post a new surety, Summo requested a portion of the existing surety be reassigned to this proposed exploration. Summo provided a new Reclamation Contract on February 9, 2000, which increased the disturbed area by 0.825 acres and added the legal description for the proposed exploration to Attachment A. The Division has received letters (see attachments) from SITLA (Feb. 2, 2000) and the BLM (Jan. 27, 2000) stating their agreement with the partial surety release and reassignment of the released surety amount.

On February 11, 2000, the Director of the Division of Oil, Gas and Mining formally approved the replacement Reclamation Contract. *The Division hereby grants its final approval of this amendment for the year 2000 exploration work and the replacement Reclamation Contract.* You may commence with your operations as outlined in this amendment at your convenience.

Enclosed please find copies of the fully signed and executed replacement Reclamation Contract for your files. We are also returning the original existing Reclamation Contract dated October 6, 1999 for your disposal.

Page 2
Pat Gochnour
M/037/088
February 11, 2000

Thank you for your help in finalizing this permitting action. Please call me or Tony Gallegos at (801) 538-5286 or 538-5267 respectively, if you have any questions in this regard.

Sincerely,

A handwritten signature in black ink, reading "D. Wayne Hedberg". The signature is fluid and cursive, with the first name "D." and last name "Hedberg" clearly legible.

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Attachments: BLM & SITLA letters
Enclosures: MR-RC dated 10/6/99, Replacement MR-RC dated 2/11/00
cc: Robert Prescott, Summo
Sal Venticinque, BLM, Moab FO
Will Stokes, SITLA
M37-88-amd-apv

FORM MR-RC
Revised January 7, 1999
RECLAMATION CONTRACT

File Number M/037/088

Effective Date Feb 11, 2000

Other Agency File Number BLM - UTU-72499
SITLA - ML 20569

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT
---ooOoo---

RECEIVED
FEB 09 2000
DIVISION OF
OIL, GAS AND MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/037/088
(Mineral Mined) Copper

"MINE LOCATION":
(Name of Mine) Lisbon Valley Copper Project
(Description) 18 Miles south of La Sal, Utah,
San Juan County

"DISTURBED AREA":
(Disturbed Acres) 4.42 acres (increase of 0.825)
(Legal Description) (refer to Attachment "A")

"OPERATOR":
(Company or Name) Summo USA Corporation &
Lisbon Valley Mining Co. LLC
(Address) by Summo USA Corporation - Manager
Denver Center Building, Suite 900
1776 Lincoln Street
Denver, CO 80203
(Phone) 303-861-5400

"OPERATOR'S REGISTERED AGENT":

(Name)

CT Corporation

(Address)

50 West Broadway

8th Floor

Salt Lake City, Utah 84104

(Phone)

801-531-7090

"OPERATOR'S OFFICER(S)":

Greg Hahn - President

Robert Prescott - Vice President

James Frank - V.P. Finance & CFO

"SURETY":

(Form of Surety - Attachment B)

Surety Bond - w/rider

"SURETY COMPANY":

(Name, Policy or Acct. No.)

United States Fidelity and Guaranty Co.

"SURETY AMOUNT":

(Escalated Dollars)

\$77,066 (increase of \$7,166)

"ESCALATION YEAR":

2004

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Lisbon Valley Mining Co. LLC & Summo USA Corp the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/037/088 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated August 8, 1995, and the original Reclamation Plan dated August 8, 1995. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Lisbon Valley Mining Co. LLC
by Summo USA Corporation - Manager

Operator Name

By Greg Hahn
Authorized Officer (Typed or Printed)

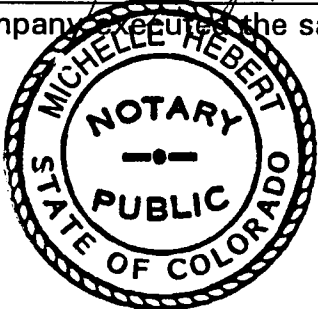
President
Authorized Officer - Position

Gregory A. Hahn
Officer's Signature

February 8, 2000
Date

STATE OF Colorado)
COUNTY OF Denver) ss:

On the 8 day of February, 2000, personally
appeared before me Gregory A. Hahn who being by
me duly sworn did say that he/she, the said Gregory A. Hahn
is the President of Summo USA Corporation
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
Gregory A. Hahn duly acknowledged to me that said
company executed the same.



Michelle Hebert
Notary Public
Residing at: Lakewood, Colorado

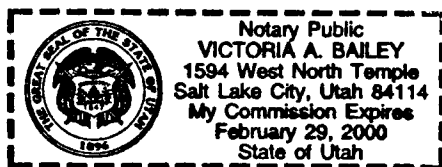
3-18-2003
My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton 2/11/00
Lowell P. Braxton, Director Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 11th day of February, 10 2000,
personally appeared before me Lowell P. Braxton, who being
duly sworn did say that he ~~she~~, the said Lowell P. Braxton
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,
State of Utah, and he ~~she~~ duly acknowledged to me that he ~~she~~ executed the foregoing
document by authority of law on behalf of the State of Utah.



Victoria A. Bailey
Notary Public
Residing at: Salt Lake City

February 29, 2000
My Commission Expires:

ATTACHMENT "A"

Lisbon Valley Mining Co. LLC by: Summo USA Corporation - Manager	Lisbon Valley Copper Project
Operator	Mine Name
M/037/088	San Juan County, Utah
Permit Number	

The legal description of lands to be disturbed is:

Approximately 2.57 acres from exploration drilling and monitoring wells located within:

Township 30 South, Range 25 East

SE 1/4 and SW 1/4, Section 25
NE 1/4, Section 26
NE 1/4, Section 35
NW 1/4, Section 36

Township 31 South, Range 26 East

NE 1/4, Section 5

Township 31, South, Range 25 East

NE 1/4, Section 1

As described in the 1/19/99 "Well Locations" map.

As amended to include approximately 1.02 acres from exploration drilling within:

Township 30 South, Range 25 East

NW 1/4 NW 1/4, Section 36
NE 1/4 NE 1/4, Section 35

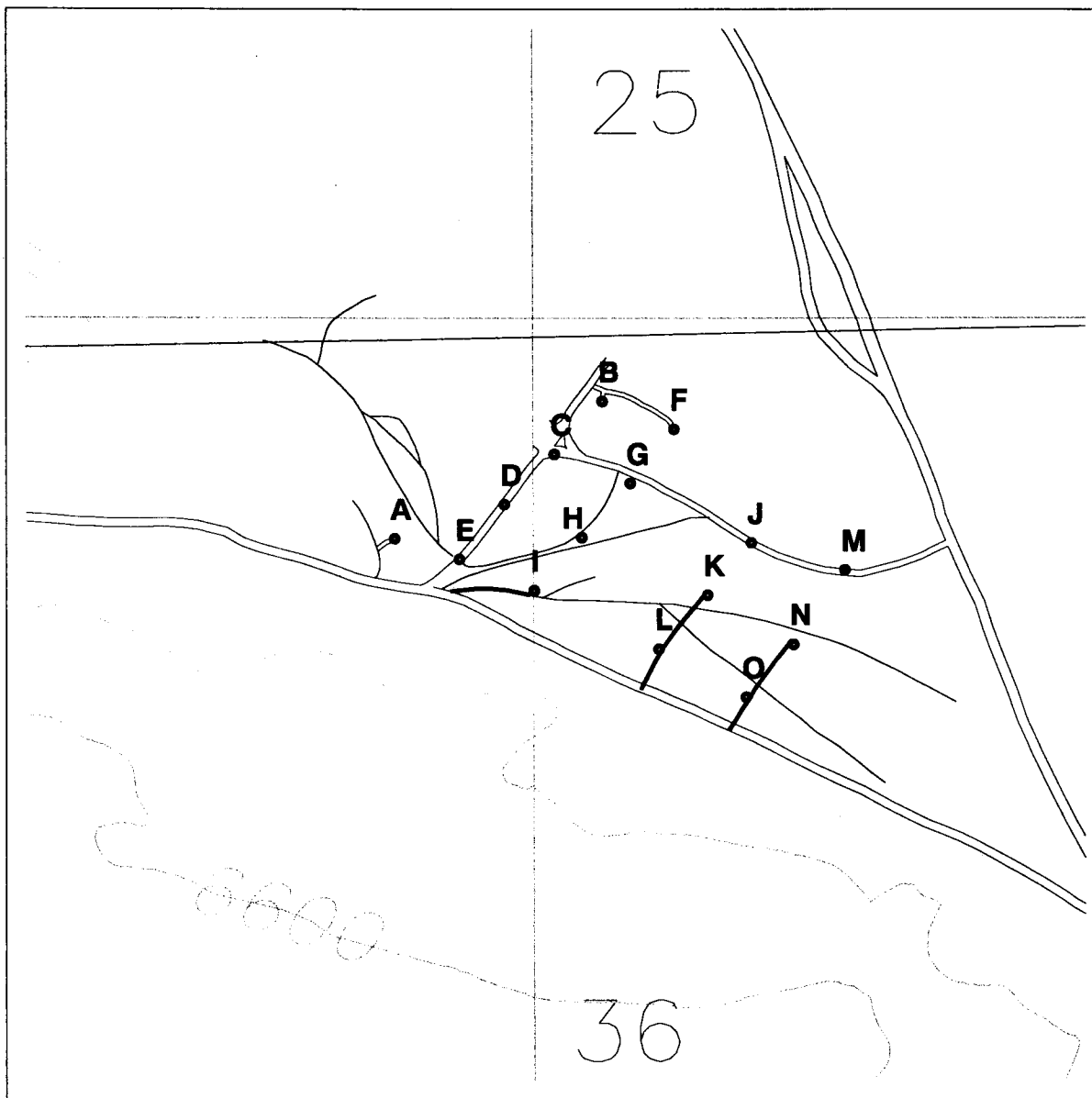
As described in the August 12, 1999 "Attachment 1" map.

As amended to include approximately 0.825 acres from exploration drilling within:

Township 30 South, Range 25 East

NW 1/4 and NE 1/4, Section 36

As described in the December 20, 1999 "Attachment 1" map.



T 30S, R25 E

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DIVISION OF
OIL, GAS AND MINING



LEGEND

- Existing Trail
- Existing Road
- Proposed Brush Clearing = Overland Travel
- Proposed Trail Construction
- Proposed Drill Hole

SCALE IN FEET



GOCHMOUR & ASSOCIATES, INC.

Lisbon Valley Project
Winter (January/February) 2000
Exploration Project

SCALE: 1"=500'



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

David T. Terry
Director

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)
<http://www.trustlands.com>

m/037/088

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DIVISION OF
OIL, GAS AND MINING

January 31, 2000

Mr. Lee Gochmour
Gochmour & Associates, Inc.
5231 South Quebec
Greenwood, Village, Colorado 80111

Re: Approval to Commence with Exploration Drilling, Winter 1999/2000 - Lisbon Valley Project. Notice of Intent to Commence Exploration, Dated December 20, 1999, Gochmour and Associates, Inc.

Dear Mr. Gochmour:

On January 25, 2000, The School and Institutional Trust Lands Administration ("Trust Lands Administration") received correspondence from the Bureau of Land Management ("BLM"), Moab Field Office, in which the BLM recommended that the Utah Division of Oil Gas and Mining ("DOGM") release that portion of the 1999 exploration reclamation surety (total amount \$7,166.00) relating to hole plugging and earth work on drill holes A thru H as identified in the Lisbon Valley Exploration Project dated August 12, 1999. On January 28, 2000, the Trust Lands Administration received notification from DOGM that the earthwork performed at the 1999 drill sites is satisfactory and that a period of up to three growing seasons will be required before the 1999 sites will be fully revegetated and eligible for full release. DOGM has recommended that \$5,250.00 of the 1999 surety bond be applied to the exploration drilling that is to be conducted on Section 36, T. 30 S., R.25 E., in February and March, 2000. The remainder of the \$7,166.00 surety, \$1,916.00, will be held to insure successful revegetation at the 1999 drill sites.

The December 20, 1999, Notice of Intent ("NOI") to Commence Exploration Drilling, scheduled for February and March, 2000, satisfies the notification requirements of the Trust Lands Administration and upon the recommendation of DOGM the Trust Lands Administration will accept the released portion of the 1999 exploration bond (\$5,250.00) as surety for reclamation of the proposed February - March, 2000, drill locations identified in the December 20, 1999, NOI as drill site locations A thru O.

As proposed in the NOI access to seven (7) of the proposed drill sites will be via existing trails. Access to three (3) sites (A, B, and F) will require 375 linear feet of overland tracking with no blade construction. Five (5) sites, (I, K, L, N, and O), will require 825 linear feet of blade work to brush cut access to the drill sites. The width of the trail/access impact will be up to 20 feet (1200' X 20' = 24,000 sq. ft. or .55 acres). Drill sites will be 20' X 40'. The project disturbance for the 15 sites is .275 acres. Total project disturbance will be .825 acres.

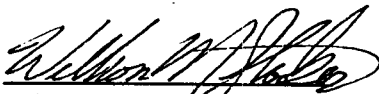
The proposed exploration drilling project lies entirely within the boundaries of the Lisbon alley Copper Project as identified in the U.S. Department of the Interior, Final Environmental Impact Statement, dated February, 1997. The Final Environmental Impact Statement includes the results of the cultural resource surveys conducted on the entire project area, therefor no additional cultural resource survey will be required. Should the proposed exploration project encounter previously unidentified archeological, historical, or paleontological remains you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

Upon completion of your mining operation all surface disturbances resulting from your operations on the leased lands will be fully reclaimed to the satisfaction of the Trust Lands Administration and in compliance with the State of Utah Mined Land Reclamation Act.

With satisfaction of the Trust Lands Administration's bonding requirements and satisfaction of the cultural and paleontological survey requirements the Trust Lands Administration hereby grants approval to commence with the proposed exploration drilling project as identified in the December 20, 1999, Notice of Intent to Commence Exploration Drilling.

If you have any question please feel free to call.

Sincerely,

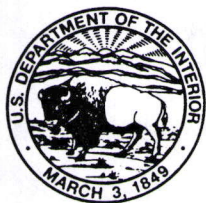


William M. Stokes
Minerals Resource Specialist

cc: Tony Gallegos, DOGM

Sal Venticinque
BLM, Moab Field Office
82 East Dogwood Avenue
Moab, Utah 84532

Mr. Robert A Prescott
Summo USA Corporation
P.O. Box 847
Moab, Utah 84532



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Moab Field Office
82 East Dogwood Avenue
Moab, Utah 84532

3809
(UT-062)

JAN 25 2000

Mr. Lee Gochnour
Gochnour & Associates, Inc.
5231 South Quebec
Greenwood Village, Colorado 80111

Re: Reduction of Reclamation Surety for 1999 Exploratory Drilling Project, Plan of Operations
UTU-72499 (amendment), San Juan County, Utah. UDOGM file # M/037/088.

Dear Mr. Gochmour:

On January 20, 2000, Sal Venticinque of my staff was present during a field inspection conducted for the purpose of verifying ground surface reclamation that was performed in order to justify the above-referenced surety reduction. Also present during the inspection were, in addition to yourself: Bob Prescott and Chuck Bauer of Summo USA Corporation, Will Stokes of SITLA, and Tony Gallegos of UDOGM.

Based on this inspection as well as a previous field inspection conducted by Mr. Bauer and Mr. Venticinqué, our office recommends that UDOGM release that portion of the 1999 exploration project reclamation surety (\$7,166.00) related to hole plugging and earthwork; we also recommend that UDOGM retain that portion of this amount needed to help ensure revegetation success. If you have questions, please contact Mr. Venticinqué at this office, (435) 259-2141.

Sincerely,

William H. 

Assistant Field Manager
Division of Resources

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JAN 27 2000

DIVISION OF OIL, GAS AND MINING

cc: Mr. Robert A. Prescott
Vice President, Summo USA Corporation
P.O. Box 847
Moab, Utah 84532

Mr. Will Stokes
Utah School and Institutional Trust Lands Administration (SITLA)
675 East 500 South, Suite 500
Salt Lake City, Utah 84102

Mr. Anthony A. Gallegos
Utah Department of Natural Resources
Division of Oil, Gas and Mining (UDOGM)
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801